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ABSTRACT

The annual reports of 197 publicly held American corporations were analyzed to determine the relationship of corporate social responsibility activities to boundary-spanning activities (attempts to relate the firm to the outside world). Data gathered included (1) the number of directors from inside and outside a corporation, (2) the number of non-business directors on the board, (3) total number of officers and the number of public relations/public affairs officers on the board, (4) the number of "socially responsible" activities in which the firm reported it was involved, and (5) the existence of board-level social responsibility committees. Controlling for the size of the corporation, analyses showed that both the ratio of public relations/public affairs officers to total officers and the ratio of non-business directors to total directors had statistically significant positive correlations with the range of social responsibility activities of a corporation. No significant relationship was found between range of social responsibility activities and either existence of a board-level social responsibility committee or ratio of outside directors to total directors. (FL)

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The Relationship of Public Relations and Board-Level Boundary-Spanning Roles to Corporate Social Responsibility

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ABSTRACT

The Relationship of Public Relations and Board-Level Boundary-Spanning Roles to Corporate Social Responsibility

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This study asks about the relationship of corporate social responsibility activities to boundary-spanning roles. Four boundary-spanning roles are examined: board of directors members from outside the firm, directors from outside the business world, board-level social responsibility committees, and public relations/public affairs officers.

The research consists of a content analysis of 1980 corporate annual reports (N = 197) from a sample of publicly held American corporations. The sampling frames are the Fortune 1000 list of industrials, the Fortune 300 list of non-industrials, the Securities and Exchange Commission list of all 11,000 reporting companies traded on U.S. exchanges, and the Committee on Governmental Affairs list of 100 major corporations.

Annual reports were analyzed to determine: the number of directors from inside and outside the company, the number of "non-business" directors on the board, the total number of officers and number of public relations/public affairs officers, the existence of a board-level social responsibility committee, and the number of "socially responsible" activities in which the company reported it was involved.

Controlling for size of the corporation, analyses show both the ratio of public relations/public affairs officers to total officers and the ratio of non-business directors to total directors have statistically significant positive correlations with the range of social responsibility activities. No significant correlations were found between range of social responsibility activities and either existence of a board-level social responsibility committee or ratio of outside directors to total directors.

SUMMARY

The Relationship of Public Relations and Board-Level Boundary-Spanning Roles to Corporate Social Responsibility

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This research examines the relationship between corporate social responsibility and several boundary-spanning roles: public relations/public affairs officers, outside board of directors members, non-business corporate directors and board-level social responsibility committees. Content analysis of corporate annual reports shows the number of socially responsible activities to be positively correlated with the ratio of public relations/public affairs officers to total officers and the ratio of non-business directors to total directors, controlling for size of the corporation.

Organizational environments have received wide attention in research literature. Organizational theorists argue the environments of organizations are increasing in turbulence and complexity (Miles, 1980). Emery and Trist (1965) theorize environmental turbulence leads to decision-making uncertainty, and Adams (1976) claims this uncertainty leads to greater reliance on organizational boundary spanners.

Miles (1980) defines an organizational boundary as "a region in which elements of organizations and their environments come together and in which activities are performed of such a nature as to more effectively relate the organizations to the outside world" (p. 317). Aldrich (1979) defines the role of the boundary spanner as information processing and external representation:

> Information from external sources enters an organization through boundary roles, and boundary roles link structures and activities to environmental conditions in the form of buffering, moderating, and influencing external events. Any given boundary role can serve multiple functions . . . . The responsibilities and potential impact of boundary-spanning roles varies with different hierarchical levels in an organization, but . . . few studies have examined this relationship . . . (p. 249).

Guiding the development of this research is the question of the relationship between corporate reporting of activities considered socially responsible and four kinds of interorganizational boundary-spanning roles: public relations/public affairs officers, outside directors of corporate boards, non-business directors of corporate boards, and board-level social responsibility committees.

BOUNDARY-SPANNING ROLES AND SOCIAL RESPONSIBILITY

To develop the hypotheses for this research, literature is reviewed on both boards of directors and public relations/affairs practitioners as boundary spanners. These roles are chosen because although there is a large quantity of literature suggesting their relevance for corporate social responsibility, there has been little research done on this topic.

BOARDS OF DIRECTORS

The Fifty-Fourth American Assembly on Corporate Governance in America concluded, "Boards of directors have a primary role in interpreting society's expectations and standards for management" ("Corporate Governance Reforms," Purview, 1979, p. 1). Aldrich (1979) states one of the functions of boards is to "link organizations to target groups in a highly visible way so they will feel their interests are being represented" (p. 254).

The key to greater responsibility is to increase the number of non-management directors (also called outside directors) on boards, according to Jacoby, et al., (1975). He argues that a greater diversity of backgrounds and competencies would result in increased sensitivity to social demands.

Goldberg (in Heilbroner, 1975) points out that there is questionable logic in having coporate managers responsible for monitoring themselves, a situation which occurs when inside managers sit on the board.

While some insist that boards of directors should elect more members from outside the firm, others suggest these board members should be outside the business world altogether. Chamberlain (1982) writes:

> If the function of the board is to select and monitor management, managers should not be expected to sit in judgment of themselves. The conflict of interest is too great . . . . . non-business types--professional people such as lawyers and academics--are likely to be more sensitive to the public and internal effects of corporate actions. The lack of personal stake in company policy--the element of objectivity--sometimes has won (non-business) directors a special status with courts and the Securities and Exchange Commission, converting them almost into an arm of the government (p. 34).

Others doubt that this is effective. Blumberg (1974) says "it is clear that the effectiveness of outside public or professional directors will be severely limited so long as they are part time, not well compensated, and are not assisted by an independent staff" (p. 121). He questions whether boards are even capable of representing their primary constituents:

> Although the stockholders elect the board as a matter of form, it is apparent that this is fiction. Through control of the corporate proxy solicitation machinery, the board in fact selects itself and obtains its election from passive stockholders . . . The board may, therefore, be fairly said to represent itself, not the stockholders (p. 119).

Concurring, Schwartz (1974) argues:

> The problem with the present system of corporation law is more than unaccountability. Large American corporations tend to suffer from a lack of diverse input at top management levels. Often, the officers and board members of these companies are so inbred that they resemble the emperors of ancient Rome. And like the emperors they can develop an insanity that evidences in a belief in their own divinity. These

directors believe that divergent points of view come from quarters occupied by the enemy" (p. 164).

Townsend (Jacoby, et al., 1975) is even more adament. He argues most outside directors have made careers of "Pillaging the public. They understand that as outside directors they are supposed to help make the world safe for pillagers in general, and in particular for the pillager who offered them a seat on the board" (p. 57). Even Goldberg (in Heilbroner, 1975), a proponent of increasing the proportion of outside directors on corporate boards, asserts, "It would be preferable, in my view, not to have any outside directors at all, rather than to delude the public into believing that the outside directors are really monitoring the affairs of a company" (p. 54).

These criticisms are shared by Ralph Nader and Christopher Stone who have called for the creation of public directors or representatives of non-business sectors of the environment. They propose two structural changes in the board: that boards should increase the numbers of non-business directors to represent minorities, environmental groups, employees, and other groups with which corporations interact; and that they should create, as McAdam (1975) suggests, permanent board committees to promote socially responsible activities.

Others argue a better method of achieving a socially responsive corporation is to do it through non-board boundary-spanning functions. A corporate public relations newsletter ("Corporate Governance Reforms," Purview, 1979) has suggested:

> Corporate governance is really a collection of many grievances and problems that don't deal directly with the compositions or functions of the board. Contemporary public relations/public affairs is thus the appropriate vehicle for responding to the broad aspects of the corporate governance issue. New counseling areas in public relations have been developed to monitor the socio-political environment and, through what is often called issues management, deal with public expectations and emerging public policy (p. 1).

PUBLIC RELATIONS/PUBLIC AFFAIRS

Haywood Childs, one of the molders of contemporary public relations, defined it as "those aspects of our personal and corporate behavior which have a social rather than a purely private and personal significance" (Aronoff and Baskin 1983, p. 375). Cutlip and Center (1982) argue that public relations serves the public good in three ways:

1. By stressing the need for public approval, practitioners improve the conduct of organizations they serve.
2. Practitioners serve the public interest by making all points of view articulate in the public forum.
3. Practitioners serve our segmented, scattered society by using their talents of communication and mediation to replace misinformation with information, discord with rapport (p. 580).

These public relations scholars seem to believe public relations practitioners will work as boundary-spanners to "generate or sustain organizational variation by channeling information about external developments to relevant parts of their organizations" (Aldrich, 1979, p. 249).

In contrast, others believe public relations departments in large corporations function to divert attention from corporate irresponsibility. Even those who believe public relations departments have the ability to induce changes in corporate behavior as a response to social demands may ask, as Chamberlain (1982), "When the public relations department, with all its present sophistication, hoists its antenna to hear what is being said, does it sometimes get back signals it sent out itself?" (p. 19).

PUBLIC RELATIONS AND SOCIAL RESPONSIBILITY RESEARCH

Research on the social responsibility of business from a public relations perspective has been concerned with social responsibility orientations of public relations practitioners, public attitudes toward the social responsibilities of business, and the effectiveness of various kinds of public relations messages regarding social responsibility.

Wright (1976) conducted 22 in-depth interviews with members of the Texas Public Relations Association to develop a multi-step theory of social responsibility in public relations:

> The level of social responsibility in public relations rises as professionalism takes place and the level of respect from management increases, the degree of supervision from management decreases and as the public relations counselor's role in the decision making process becomes more dominant" (p. 34).

However, his 1979 study did not show that professionalism of public relations practitioners is related to attitudes of social responsibility.

Grunig (1979) looked at public attitudes toward the social responsibilities of corporations. He identified three types of publics according to their awareness and activeness on eleven issues relating to three areas of responsibility: private goods, partial public goods, and public goods.

Grunig also measured the perceived level of constraints and the referent criteria of the groups. He found that the largest public was concerned about the social issues, but not actively involved. "Interestingly, three issues which business communicates about a great deal--profits, monopoly and support of charities--are of little concern to this majority public" (p. 15). Although the public with the highest problem recognition and level of involvement had a referent criterion, they felt constrained about every issue. Members of this public--those most likely to exert pressure on business through government--believed there is too much monopoly and profits.

Reeves and Ferguson-De Thorne (1980) examined whether public relations messages from three different social responsibility philosophies, a "profit" view, a "good citizen" view and a "leader" view, would have different effects on attitudes about and behavioral intentions toward a corporation. Subjects were exposed to hypothetical messages reflecting each of the three views. Messages reflecting the "good citizen" view were the most favorably received. Messages emphasizing profit motives were the least highly regarded. Respondents who described themselves as

politically liberal were more likely than conservatives to rate companies favorably on the basis of messages reflecting the "leader" view.

THE HYPOTHESES

Organizational theorists (Aldrich, 1979 and Miles, 1980) note that the number of formal boundary roles is partially a function of the size of an organization. Thus, each of the following hypotheses control for size.

Based on the foregoing assertions that formalized boundary-spanning roles serve as mechanisms to increase corporate social responsiveness, the following hypotheses are offered:

> H1. The ratio of outside directors to total directors will be positively associated with the range of socially responsible activities, controlling for organization size.
>
> H2. The ratio of "non-business" directors to total directors will be positively associated with the range of socially responsible activities, controlling for organization size.
>
> H3. The ratio of public relations and public affairs officers to total officers will be positively associated with the range of socially responsible activities, controlling for organization size.
>
> H4. The existence of a board-level social responsibility committee will increase the likelihood of a greater range of socially responsible activities, controlling for organization size.

Miles (1980) argues that people occupying boundary roles must be able to interpret environmental information in terms of the meaning it poses for the organization, and must be able to

translate this information in ways that organizational decision makers are able to understand. He argues further that performing these activities effectively requires possession of special skills.

Most public relations/public affairs officers are full-time employees of large organizations. As insiders, it is believed they are better able to communicate information in ways comprehensible to organizational decision makers than are boundary spanners from outside of the organization. Therefore, the following hypotheses are offered:

> H5. The ratio of public relations and public affairs officers to total officers is more strongly positively associated with the range of socially responsible activities than is the ratio of outside to total directors, controlling for organizational size.
>
> H6. The ratio of public relations and public affairs officers to total officers is more strongly positively associated with the range of socially responsible activities than is the ratio of "non-business" directors to total directors, controlling for organization size.

THE METHODOLOGY

The sample is of American corporations whose stock is publicly held. These corporations must submit annual reports of the company's operations to the Securities and Exchange Commission (SEC) as well as proxy statements detailing the affiliations of the organization's directors. The actual sampling frames are the following: the Fortune 1000[1] list of industrials, the Fortune

[1] Published May 14, 1981, and June 15, 1981, in Fortune magazine.

300[2] list of non-industrials (commercial banking, retailing, life insurance, diversified financial, transportation, and utilities), the Securities and Exchange Commission list[3] of all 11,000 reporting companies traded on U.S. exchanges,[4] and a purposive list of the "100 major" companies identified in a study by the Committee on Governmental Affairs, United States Senate (1980) of the structure of corporate interlocking.

Using a stratified random sampling process, one-third of the companies on the two Fortune lists were systematically selected (N = 430). In addition, 4.7 percent of the 9,700 non-duplicated companies on the SEC list were sampled systematically (N = 455). These two samples were compared with the Committee on Governmental Affairs list of companies designated as the "100 major" corporations by the Senate Committee. The 34 industrials on this list but not in the sample, and the 36 non-industrials on this list but not in the sample, were added as a purposive sample. Table 1 presents the total numbers in the sampling frame, the stratified random samples and the purposive sample.

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[2] Published July 13, 1981 in Fortune magazine.

[3] SEC Filing Companies, Disclosure, Inc., 5161 River Road, Washington, D.C., 20016, 1981. Also available through DISCLOSURE ONLINE from Lockheed/DIALOG and Mead Data Central/LEXIS and NEXIS, and through the Dow Jones News/Retrieval Service.

[4] The Fortune 1000 list includes the largest 1000 industrials ranked by sales and the Fortune 300 list includes the largest 300 non-industrials ranked by assets. All cooperatives and wholly-owned subsidiaries were removed from these two lists before sampling. The companies on the two Fortune lists were deleted from the SEC list to avoid oversampling.

Letters were sent to the highest ranking public relations or public affairs official identified on the membership lists of the Public Relations Society of America or of the International Association of Business Communicators. If it proved impossible to locate a public relations person on one of these lists, the Standard and Poors Directory of Corporate Executives was used. Respondents were asked for public relations materials to be used in teaching public relations courses, and for copies of the corporation's annual report for the past two years.

Of the 955 companies in the sample, overall approximately 24 percent responded to a request for an annual report. The response rate for the larger companies (those in the Fortune lists and the Committee on Governmental Affairs list) was much better (27 percent and 73 percent, respectively) than for the smaller companies. Only 13 percent of the companies sampled from the SEC 11,000 list sent copies of annual reports.

Thirty-two of the companies sent 1981 reports exclusively, while 197 sent both 1980 and 1981 reports (Table 1).

CONTENT ANALYSIS

The data for this study were gathered from a content analysis of the 197 corporate annual reports for 1980. The analysis was done in two stages: first by a graduate communication research methods class taught by the first author and later by the first author and a research assistant for other variables of concern.

A coder reliability study was completed for each of the variables and for each coder, including the author and the research assistant. Eighteen pairs of coders individually coded the same reports. The percent of agreement was computed for all coder pairs across all variables. Overall there was 87 percent average agreement across categories of variables and 90 percent average agreement across coders. For any category with less than 90 percent agreement, interviews were conducted with the coders to determine problem areas, and detailed coding instructions prepared to address these areas.

THE OPERATIONALIZATIONS

Operationalizations for the constructs studied in this research are:

a) Total Number of Board Members: Coders counted the number of names of board members listed in the annual report.[5]

b) Number of Outside Board Members: Coders identified board members who were officers of the corporation (insiders). This number was subtracted from the total number of board members to calculate the number of outside directors.

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[5] Director emeritus was not counted for this variable. Coders did not count the the number of directors pictured because often the photos of one or more directors were not included.

c) Total Number of Non-Business Board Members: Non-business board members were designated as those who had the following affiliations: education, religion, government, medicine, unions and foundations, as long as there was no other "business" or corporate affiliation listed for these individuals.[6]

d) Total Number of Corporate Officers: Those counted as corporate officers were individuals listed as officers or vice presidents of the corporation.

e) Number of Public Relations/Public Affairs Officers: Coders counted as public relations/public affairs officers any corporate officers with titles indicating responsibility in the following areas: human relations, institutional relations, consumer relations, public relations, corporate relations, public affairs governmental affairs, human resources and corporate communications.[7]

f) Board-Level Social Responsibility Committee: Coders indicated whether or not a board committee existed with any of the following titles: Committees on Public Policy, Public Interest, Public Involvement, Public Policy Issue Analysis, Human Relations, Institutional Relations, Corporate Relations, Human Resources or Social Responsibility.

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[6] This list was developed after an extensive pretest of a sample of the reports.

[7] Coders were instructed not to count as public relations/affairs officers those with titles indicating responsibility for information systems, personnel, or employee relations.

g) Social Responsibility Activities: After an extensive review of the social responsibility literature some 60-plus items were derived to represent a universe of possible social responsibility activities. Working with these items five judges used a category-sorting technique to develop categories for the items. First, each judge sorted the 60 items using his/her own personal scheme. Most of the judges reported they used six or seven categories. Each judge then developed a label to represent each of his/her categories. The judges presented to the other judges the items they thought belonged in a category along with the label for the category. Most of the judges grouped the same items together in one category and used similar labels for the categories. Those items not put in the same category by all judges were debated and rules were written to cover these instances.

After the items were grouped, the judges compared category labels to come to consensus on labels for each of the categories of items. The final category labels are: ethical/moral concerns, product/consumer concerns, environmental/ecology concerns, stockholder/employee concerns, public affairs concerns, international concerns, and money donated to social programs. Appendix A lists all the items that were coded into each category.

Using these seven categories (with the 60 items prelisted into the categories) coders were trained. If, when reading the annual

reports for evidence of assertions or activities related to these categories, the coders found an item not already prelisted, they wrote in the item on their code sheet. These items were later coded into the appropriate category by the first author.

h) Organization Size: Hickson, Pugh, and Pheysey (1969), Child and Mansfield (1972), Ford (1981), and others measure size as the number of employees in a unit or organization. Weiner and Mahoney (1981) argue that size "reflects the resources available to the organization" (p. 457). They measure it in terms of assets. This study developed an index combining measures of assets, income, and numbers of employees.* It was felt that this measure would compensate for firms whose particular technologies increase the variance in number of employees, but not in income or assets. Prior to creating the index the variables were standardized. The index is a summed variable derived from the standardized variables. The reliability coefficient (Standardized Coefficient Alpha) for this index is 0.83.

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* These variables were coded from the Fortune magazine list for the companies on the Fortune lists and from the annual reports for the other companies.

FINDINGS

Prior to testing the hypotheses, descriptive statistics[9] are presented in Table No. 2. There is substantial variance in the size of the organizations in the sample. They range from a company with five employees to AT&T with over one million employes. The median company has about 15,000 employees. Assets range from $200 thousand to $125.5 billion with a median of $1.5 billion. Total income ranges from a loss of $1.7 billion to a gain of $6.1 billion with a median of $52.3 million.

The number of board members ranges from 3 to 35 with a median of 13.2. Number of outside board members ranges from 0 to 27 with a median of 8.1, while number of non-business board members ranges from 0 to 7 with a median of 0.8. The total number of corporate officers ranges from 1 to 99 with a median of 16.4, while the number of public relations/public affairs officers ranges from 0 to 9 with a median of 0.3. Only 15 percent (29) of the companies had a board-level committee charged with corporate social responsibility.

The number of social responsibility activities mentioned in the annual reports ranges from 0 to 34 with a mean of 5.5 and a median of 3.8. The category with the most occurrences of mentions of social responsibility activities is

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[9] Data are analyzed using the facilities of the Communication Research Center, College of Journalism and Communications, the Northeast Regional Data Center, University of Florida, and SPSS (Nie, et al., 1975).

stockholder/employee concerns with a mean of 2.7 and a median of 2.3. Table No. 3 details the mean, median and range of mentions in each of the seven categories.

Table No. 4 presents the bivariate correlations for the variables in the study. With the exception of the ratio of outside board members to total board members, all the variables in the study are significantly and positively correlated with the number of mentions of social responsibility activities in the annual report.[10]

TESTS OF HYPOTHESES

To test the first three hypotheses partial correlations are computed between the number of social responsibility activities and the following ratios of boundary-spanning personnel: 1) ratio of outside board members to total number of board members, 2) ratio of non-business board members to total number of board members and 3) ratio of public relations/public affairs officers to total number of corporate officers. Each relationship was partialled on organization size. Table No. 5 presents the partials for the overall size index.[11]

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[10] It should be noted that for number of employees and for the size index, correlations are reported for a reduced sample. For 37 of the companies, there were no data available on the number of employees; in testing the hypotheses, tests were done using both the overall size index (n = 160) and using each of the component variables: employees (n = 160), assets (n = 197), and income (n = 197), to be sure there were no differences for the reduced sample.

[11] There were no significant differences resulting from using the

The first hypothesis is not supported ($r = -.10$, N.S.). There is no systematic association between the ratio of outside directors to total directors and the number of social responsibility activities mentioned in the annual report.

The second hypothesis is supported. The more non-business directors on the board, the greater the range of social responsibility activities ($r = .20$, $p<.01$).

The third hypothesis is also supported ($r = .30$, $p<.001$). The greater the ratio of public relations/public affairs officers to total corporate officers, the greater the number of social responsibility activities.

The fourth hypothesis is tested by splitting the sample four ways on organization size with approximately 40 companies in each group and conducting an analysis of variance F-test for a main effect for size and for the existence of a board-level social responsibility committee. Although there is a main effect for size ($F = 7.23$, $p<.001$) there is no main effect for the existence of a social responsibility committee ($F = .005$, $p<.94$), adjusting for the effect of size first. In fact, only two companies in the two smallest size groups had a social responsibility committee. T-tests were conducted separately for each of the four groups to determine whether or not there were differences within a particular size group that might be camouflaged by the few companies in the smaller size groups with a social responsibility

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reduced sample for the size index.

committee. There were nc significant differences within any of the groups. In fact, in the set of largest companies (where 20 companies did not have a social responsibility committee and 18 companies did), the mean number of activities was greater (but not significantly so) for the companies without a social responsibility committee (8.9) than for the companies with a social responsibility committee (8.3).

The fifth and sixth hypotheses postulate a stronger relationship for the number of public relations or public affairs officers with the number of social responsibility activities than for the number of outside board members or the number of non-business board members.[12] T-tests were computed for both of the hypotheses.

For the fifth hypothesis, the null can be rejected; (T = 3.79, df = 154, p<.001). The correlation of the number of social responsibility activities with the number of public relations/public affairs officers is significantly stronger than it is with the number of outside directors. But, the null cannot be rejected for the sixth hypothesis (T = .94, df = 154, N.S.).

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[12] Cohen and Cohen (1975, p. 53) propose that to test this type of hypothesis it is not appropriate to compute Z-scores because the correlations have not been determined on independent samples. It is necessary to take into account the correlation due to the fact that both coefficients come from the same sample. The formula for the test is:

$$t = \frac{(rxy - rvy)\sqrt{(N - 3)(1 + rxy)}}{\sqrt{2(1 - r^2xy - r^2vy - r^2xv + 2rxyrxvrvy)}}$$

The correlation of the number of public relations/public affairs officers with the number of social responsibility activities (r = .30) is not statistically significantly stronger than is the correlation of the number of non-business board members with the number of social responsibility activities (r = .20).

POST-HOC ANALYSIS

Concern over multicollinearity, which could result in spurious relationships, led to a test of whether the number of public relations/public affairs officers would explain additional variance in a model that included the variables of organizational size and number of board members. The null hypothesis is that there is no additional variance in number of social responsibility activities accounted for by including the number of public relations/affairs officers in an equation with total number of board members, number of outside board members and organizational size.

The variables are entered in a hierarchical regression in three separate sets. The number of employees, income and assets make up the first set, followed by both the ratio of non-business board members to total board members and the ratio of outside board members to total board members in the second set. The ratio of public relations/public affairs officers to total officers is entered as the last set. An F-test is computed for the addition of each set of variables. Both tests are

significant. Adding the ratio of outside board members and non-business board members to the size variables significantly increases the R^2 from .09 to .14, while adding the ratio of public relations/public affairs officers to the first two sets significantly increases the R^2 to .23.

Table No. 6 presents the F-ratios for the inclusion of each set, and the betas for the full model with all the variables included. As indicated by the partial correlations reported earlier, the ratio of outside board members to total board members is negative (Beta = -.17) with the number of social responsibility activities, while both ratio of non-business board members (Beta = .21) and public relations/public affairs officers (Beta = .30) are positive.

DISCUSSION

LIMITATIONS

There are many limitations to both the internal and external validity of the study. The study was designed to be generalizable to publicly owned corporations; but because we were able to analyze data only from those corporations who responded to the survey, self-selection may be a threat to external validity. It may well be that corporations who responded to our request are quite different from those that did not.

The internal validity of the research rests a good deal on the reasonableness of using annual reports as measures of corporate social responsibility. According to Abbott and Monsen (1979),

> The most basic issue regarding the annual report as a source of social involvement data is whether the reported variation in social activities among firms is a reflection of real activities or is only an index of company policies on communicating activities to shareholders. There are theoretical reasons to expect the corporation to underreport its social involvement activities (p. 506).

Abbott and Monsen conclude, based on studies with (n = 496) annual reports,

> "The self-reported social disclosure method of measuring corporate social involvement, despite its own drawbacks, was found to have significant advantages as a technique for measuring corporate social responsibility and yielded generally meaningful results . . . ." (p. 515).

One is advised to use extreme caution in attempting to determine cause and effect from the results of this research. There are no measures over time and no attempt is made to rule out alternative hypotheses except organization size. Organization theorists (Miles, 1980) suggest environment and technology are also linked to boundary-spanning activities.

CONCLUSIONS

A greater ratio of outside board members to total board members is not associated with a greater range of socially responsible activities. Board members from the management ranks of other companies do not appear to represent the non-business

constituencies of an organization, as reflected in social responsibility activities.

The positive association of non-business directors with socially responsible activities is as predicted. Again, caution is due in interpreting this as a cause-effect relationship. One could argue that a socially responsible corporation strives to appoint non-business directors and considers such an appointment one of its socially responsible actions, rather than assume that the appointment of non-business directors causes socially responsible activities.

The relatively strong positive association between the ratio of public relations/public affairs officers to total officers with social responsibility activities may have several explanations. As above, one could argue that socially responsible organizations would tend to appoint public relations officers. Or, one could conclude from the theories of organizational scholars such as Miles (1980), that the more formalized and salient the boundary-spanning function in the organization, the greater the capacity for organizational response to the environment. The limitations of a one-shot case study preclude drawing directional inferences.

FUTURE RESEARCH

Several questions have been raised by this study concerning the role of public relations in influencing the social responsibility of the corporation. Do officers appointed to oversee a corporation's public relations efforts increase the likelihood of its engaging in responsible actions, or is it that responsible corporations tend to create officer-level public relations positions? Future research will be needed to establish the causal direction of the relationship of these variables.

Also, research needs to examine the interaction between specific types of corporate social responsibility and boundary-spanning roles. For example: is a corporation with a large number of outside board members more likely to engage in social responsibility activities directed toward stockholders, and is a corporation with a large number of inside board members more likely to engage in social responsibility activities directed toward employees?

Finally, future research should examine the effect of traditional macro-organizational variables such as degree of formalization, differentiation and integration, centralization, standardization and complexity on both boundary spanning and social responsibility. Environmental variables such as complexity, uncertainty, heterogeneity, turbulence, richness, and interconnectedness may prove valuable in better understanding the relationships examined in this research.

Table No. 1 Size of Sampling Frame, Number in Sample and Rates of Return

Sampling Frame

SYSTEMATIC RANDOM SAMPLE	N in Sample	% of Total N	N of Returns	% of Sample Returned
Fortune 1300 list of industrials and non-industrials (N=1300)	430	33.1%	116	27.0%
SEC list of all reporting companies traded on U.S. Exchanges with Fortune 1300 companies deleted (N=9700)	455	4.7%	59	13.0%
Totals (N=11,000)	885	8.1%	175	19.8%
PURPOSIVE SAMPLE				
Companies from the Senate study of interlocking directorates not drawn in the random samples above (N=70)	70	100.0%	54	73.0%
Grand Total (N=11,000)	955	8.7%	229	24.0%

Table No. 2 Descriptive Statistics for 197 Companies in Sample

	Range	Mean	Standard Deviation	Median
Number of Employees (N=160)	5 - 1,044,041.0	55,034.9	118,385.8	15,001.5
Total Assets (In Millions)	0.2 - 125,450.8	5,896.3	11,751.6	1,532.5
Total Income (In Millions)	-1,709.7 - 6,079.7	313.1	881.2	52.3
Total Number of Board Members	3 - 35	13.8	5.7	13.2
Number of Outside Board Members	0 - 27	9.1	4.9	8.1
Ratio of Outside to Total Board Members	0 - 1	0.65	0.18	0.67
Number of Non-Business Board Members	0 - 7	1.00	1.20	0.77
Ratio of Non-Business to Total Board Members	0.0 - 0.5	0.07	0.08	0.06
Total Number of Corporate Officers	1 - 99	23.2	20.6	16.4
Number of Public Relations/Public Affairs Officers	0 - 9	0.73	1.30	0.32
Ratio PR/PA Officers to Total Officers	0.0 - 0.14	0.02	0.04	0.00
Companies with Board-Level Social Responsibility Committee	Yes: 15% (29)	No: 85% (168)		

Table No. 3 Frequency of Types of Social Responsibility Activities (N=197)

Social Responsibility Activity Categories	Range	Mean	Standard Deviation	Median
Stockholder/Employee	0-11	2.65	1.74	2.28
Environmental	0- 8	.81	1.39	.27
Product/Consumer	0- 4	.45	.80	.24
Public Affairs	0- 7	.78	1.59	.19
Ethical/Moral	0- 5	.22	.58	.11
Donations	0- 9	.38	1.18	.07
International	0- 4	.22	.68	.07
Total Number Social Responsibility Activities	0-34	5.51	5.14	3.76

Table No. 4 Zero-Order Correlations for Component Variables in Study[1] (N=197)

Variables	Size				Directors					Public Relations/ Affairs			
	A	B	C	D	E	F	G	H	I	J	K	L	M
Size													
A. No. of Employees (N=160)	-												
B. Total Assets	50[c]	-											
C. Total Income	44[c]	58[c]	-										
D. Size Index[2] (N=160)	79[c]	85[c]	82[c]	-									
Directors													
E. Total No. Board Members	25[c]	47[c]	30[c]	36[c]	-								
F. No. Outside Board Members	-	41[c]	22[b]	25[c]	84[c]	-							
G. Ratio Outside to Total Board Members	-	-	-	-	15[a]	61[c]	-						
H. No. Non-Business Board Members	20[a]	36[c]	24[c]	28[c]	56[c]	54[c]	19[b]	-					
I. Ratio Non-Business to Total Board Members	-	20[b]	-	18[b]	26[c]	28[c]	20[b]	88[c]	-				
Public Relations/Affairs													
J. Total No. Corporate Officers	43[c]	39[c]	19[b]	37[c]	46[c]	32[c]	-	26[c]	-	-			
K. No. Public Relations/Public Affairs Officers	35[c]	21[b]	-	21[b]	31[c]	27[c]	-	17[a]	-	65[c]	-		
L. Ratio PR/PA Officers to Total Officers	16[a]	-	-	-	-	-	-	-	-	23[c]	71[c]	-	
M. No. Social Responsibility Activities	21[b]	28[c]	27[c]	26[c]	35[c]	19[b]	-	31[c]	24[c]	27[c]	34[c]	32[c]	-

[1] Non-significant correlations are not reported and significant correlations are reported without decimal points for sake of parsimony.

[2] The size index is computed by standardizing number of employees, assets and income and summing the standardized variables.

[a] $p \leq .05$

[b] $p \leq .01$

[c] $p \leq .001$

Table No. 5 Partial Correlation Coefficients Controlling for Organizational Size (N=157)

Variables:	A	B	C	D
A. Ratio of Outside Members to Total No. of Board Members	-			
B. Ratio of Non-Business Board Members to Total No. of Board Members	.21[b]	-		
C. Ratio of Public Relations/Public Affairs Officers to Total No. of Corporate Officers	.07	.04	-	
D. Number of Social Responsibility Activities Mentioned in Annual Report	-.10	.20[b]	.30[c]	-

[a] $p \leq .05$
[b] $p \leq .01$
[c] $p \leq .001$

Table No. 6 Hierarchical Regression Tests for Inclusion of Public Relations/Public Affairs Officers in Model with Social Responsibility Activities as Dependent Variable (N=157)

Variables Entered in Model:	R^2	R^2 Change	F-Ratio	D.F.	Prob.	Betas For Full Model
Number of Employees						-.04
Assets						.16
Income	.09					.12
Ratio of Outside Board Members to Total Number of Board Members						-.17
Ratio of Non-Business Board Members to Total Board Members	.14	.06	5.10	2, 154	.01	.21
Ratio of Public Relations/Public Affairs Officers to Total Number of Officers	.23	.09	17.33	1, 153	.001	.30

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Appendix A

SOCIAL RESPONSIBILITY MEASURES

ETHICAL/MORAL CONCERNS

Anti-bribery policies or conducts
Honest conduct
Consideration of moral/ethical factors in decision making
Advertising truthfulness policies/behavior
Full disclosure of accounts and data

PRODUCT/CONSUMER CONCERNS

Best quality goods and services at lowest possible prices
Concern for consumer safety
Monitoring product use that may cause health and/or social harm
Fully-backed warranties on products
Expressed responsibility to fix a product that is defective

ENVIRONMENTAL CONCERNS

Environmental monitoring project to study corporation's impact on the environment
Protecting environment in areas where the company has production facilities
Energy conservation programs
Recycling (of paper/glass/aluminum)
Institution of governmental air emission standards or compliance with standards
Proper disposal of waste products
Conservation of natural resources
Testing products to identify potential environmental hazards
Responsive to environmental protection groups

STOCKHOLDER/EMPLOYEE CONCERNS

Responsibility to stockholders to make a profit
Stock option and stock incentive plans for employees
Programs for employee career development
Equal wages policy for women and minorities
Education programs for employees/families
Financial aid for needy employees
Improvement of employee safety conditions
Allowing employees time off from work to vote
Creating new positions and hiring as many people as possible
Hiring disabled people
Equal opportunity employment policy
Employee pensions, retirement benefits, savings
Providing day care centers within company
Providing exercise programs for employees/health care
Labor-Management participation/quality circles
Individual productivity
People important resources

MONEY DONATED

Donations to the arts
Donations to relief programs (to help people in need)
Donations to charitable organizations
Donations to health care programs
Donations to medical research and advancements
Donations to educational programs
Donations for environmental improvement
Donations for protection of the environment
Donations for energy conservation programs
Donations to day-care centers
Doantions to sports and recreation programs
Donations to minorities
Donations to churches
Donations to neighborhood restoration

PUBLIC AFFAIRS

Discourage monopolistic activities
Underwriting public broadcasting programs
Support of programs to assist the elderly, minorities and poor people
Participation in community affairs
"Loan" of buildings or properties for political debates and discussions
Support of and promotion of good relations and lines of communication with government
Concern for and support of urban renewal and development
Support of the preservation of historical structures
Support of the League of Women Voters
Support of and promotion of the arts
Support of and promotion of education
Support of health care and health awareness
Support of the development of new energy resources
Support of relief programs (to help people in need)
Support of sports and recreation programs
Support of medical research and advancements
Support of charitable organizations
Crime prevention programs
Support for 1st Amendment
Support for 3rd Amendment

INTERNATIONAL CONCERNS

Concern for international impact of corporate economic growth
Concern for marketing policies on foreign cultural values and health
Concern for implication in investing in and/or doing business with countries with repressive governments
Concern with increasing America's technology in comparison to other nations
Concern with sharing of technology with less-developed nations
High standard code of ethics for international business
Conform to international guidelines for economic cooperation and development
International training/education
International exchange programs